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<https://doi.org/10.70388/sm240135>**Abstract**

Financial literacy is crucial for economic development and individual financial well-being. In India, despite progress in financial inclusion, financial literacy remains a significant challenge. This challenge affects various stakeholders, including government agencies, financial institutions, educational bodies, and non-governmental organizations (NGOs). The Stakeholders Involved is Government Agencies responsible for formulating policies that promote financial literacy. There is a need for the government to invest in infrastructure that supports financial education and access, especially in remote areas. Financial Institutions offer various financial products, but they often fail to educate potential customers about these products. Educational Institutions need to integrate financial literacy into their curricula. NGOs play a crucial role in grassroots financial education initiatives, especially in underprivileged communities. There are certain challenges also faced by stakeholders such as limited reach, cultural barriers, lack of skilled trainers, funding constraints, digital divide, and the complexity of financial products. There can be certain Strategies for improving financial literacy. The research is focused on Karnal Division of Hayana consisting of Kaithal, Karnal and Panipat districts. In total 528 participants responded to the questionnaire. Impact of demographics on awareness level about different investment avenues is analysed. The awareness level of the participants was analysed using percentage and Chi Square method. Financial literacy in India is a pressing challenge that requires concerted efforts from multiple stakeholders. By improving financial literacy, individuals can make informed financial decisions, leading to better personal finance management, increased savings, and ultimately, greater economic stability.

Collaboration, innovative approaches, and sustained commitment are essential to overcoming the barriers to financial literacy.

Introduction:

According to the National Strategy for Financial Literacy released by the Reserve Bank of India (RBI), financial literacy levels remain low, with only about 27% of the population being financially literate as of recent surveys. This is particularly evident in rural areas, where literacy rates can be significantly lower than urban counterparts.

Many individuals struggle with fundamental financial concepts such as budgeting, saving, investing, and understanding credit. This lack of knowledge often leads to poor financial decisions, increased debt, and inadequate savings for future needs. With the rapid digitization of banking services, many individuals, particularly in rural and semi-urban areas, face challenges in accessing digital financial services due to lack of digital literacy.

Literature Review:

A review of literature is a must to examine the relevant literary works of the past. It works as a guiding force in further research. Keeping in mind the research topic, relevant research studies are examined.

Unmekha Tare and Vishal Mehta (2007) in their article “A Study of Avenues Available for Investment” discussed the classification of investment avenues ranging from riskless to high investment opportunities consisting of both security and non-security forms of investment. LIC/National Saving Schemes had the proportion of 32 percent of people investing their money followed by Fixed Deposits in banks. Hence, the study concluded that the investors must judge all the investment options and as per their convenience and choice they should select from the options.

Ravichandran R. (2008) undertook a study to find out the awareness level of various capital market instruments and to find out their risk preference in various segments. About 100 samples were collected in Chennai city and the convenience sampling method was used through a structured questionnaire. Various tools such as the Chi-square test, Kendall test, ANOVA, and correlation analysis were used. The study concluded that investing in stock markets was a major challenge even for professionals. Awareness of the various uses of derivatives can help investors to reduce risk and increase profits.

Parimalakanthi K. and Ashok Kumar M. (2015) studied the behaviour of individual investors in Coimbatore city. For this study, the primary data had been collected by making use of a structured questionnaire by adopting convenient sampling. 107 customers were selected. Friedman test, Garratt ranking, and factor analysis were used for this study. Therefore, it was concluded that most of the investors prefer Bank Deposits, Savings Accounts followed by gold and silver investments.

Neha Shukla (2016) aimed to measure the investment pattern of individuals and investors' preferences towards investment avenues. The study focused on salaried personnel only. The descriptive research design was used by the researcher. Both primary and secondary data were used. For the study, a total of 100 respondents were studied using the convenience sampling method. It was concluded that different respondents invested in different avenues and it was evident that they tended to invest much in fixed deposits, post office schemes, gold, and silver.

Jegadeeshwaran M. and Mahesh Kumar T. (2017) attempt to review the financial literacy of people. They developed a theoretical model based on socio-economic status towards financial literacy which consists of financial attitude, financial capability, and financial education, which leads to improved financial behaviour. After a detailed study of financial literacy in India, it is concluded that greater financial literacy can be an important component of efforts to increase savings rates and lending to the poorest and most vulnerable consumers. Recently, most developing countries launched various programs for effective financial education, and, it would be helpful for sound financial and economic stability in the organizations. After going through the past research, it is found that there is no research about Karnal Division of Haryana.

Objective

The objective of the study is to know the financial literacy level in the Karnal Division on the basis of demographics such as age, occupation, gender, residential status.

Methodology

The survey method is adopted to know the views of the population. The study is based on primary data collected from the respondents of Karnal Division consisting of Kaithal, Karnal and Panipat districts. The responses are collected through a questionnaire. The questionnaire

is circulated via email and direct contact. In total there are 528 respondents. The analytical tool used in the process is simple percentage and Chi Square.

Data Analysis and Interpretation

The data analysed is segmented by residential status (rural or urban), age groups, and gender.

Gender Comparison:

Across all districts, females show higher levels of awareness in some categories than males, especially in the younger age group (18-25 years). Males, however, dominate awareness about saving bank account in older age groups (46-55 years and above 55), particularly in rural areas.

1. Age-Wise Patterns: 18-25 years: This group shows relatively high levels of awareness in both genders, with most respondents either extremely or moderately aware. 26-35 years: Slightly lower awareness compared to younger respondents, though urban males are better.
2. Represented in awareness levels. 36-45 years: Higher awareness among urban males and females, with fewer respondents unaware. 46-55 years: Some decrease in awareness, particularly among rural females. Above 55 years: Awareness is lower in both genders, with more respondents unaware or only slightly aware.
3. Residential Status: Urban areas generally show higher awareness compared to rural areas. For example, in Kaithal and Panipat, urban males and females are better represented in awareness, especially in the younger and middle-aged groups. Rural areas have more respondents unaware of bank savings accounts, especially among females.

Key Takeaways: Awareness of bank savings accounts tends to be higher among younger and urban populations, while rural and older individuals show lower awareness levels. Females in rural areas, especially in the age groups of 46-55 years and above 55, tend to have lower levels of awareness than their male counterparts. Urban males across all districts show consistent awareness, with a significant percentage being extremely aware. The data highlights a need for targeted financial literacy campaigns, especially in rural areas and among older populations.

The Pearson Chi-Square test results, which assess the relationship between residential status, age groups, and some other categorical variable in three districts. The age groups are 18-25, 26-35, 36-45, 46-55 and above 55 years. Significant relationships were found in various districts and residential statuses at .05 level of significance, particularly for age groups 36-45 years in Kaithal urban areas, 26-35 years and 36-45 years in Karnal urban areas, and 18-25 years and 46-55 years in Panipat (both urban and rural). Overall, both urban and rural areas showed significance for certain age groups, particularly in Panipat and Karnal.

To analyze, the data is categorised into key insights by focusing on Gender, Bank Fixed Deposit Account, Age (in years), Residential Status and District. Chi-Square Test examines the association between age groups and residential status (rural vs. urban) across three districts. Statistically significant relationships between age and residential status exist in several age groups across all districts, especially in the 18-25 and 46-55-years age groups. Urban areas show stronger associations in several age brackets, particularly in Kaithal and Karnal. The chi-square values and p-values indicate that age is an important factor in determining residential status, with variations depending on the district.

To perform a more insightful analysis of this table, we can break it down by focusing on key variables: Gender, Age, Residential Status (Rural/Urban), and District. The study analyses patterns for recurring deposits (RD) awareness and distribution across these variables.

1. Gender Comparison: Across districts and age groups, males seem to dominate in the knowledge or usage of recurring deposits (RDs). For example, in Kaithal (Urban) for the 36-45 years age group, 39 males are aware of RD compared to 24 females. Females show strong awareness or usage of RD, particularly in rural areas for younger age groups. For instance, in Kaithal (Rural), females aged 18-25 have a higher RD participation (45 females) than males (15).
2. Age Groups:
18-25 Years Old: This group shows significant awareness of RDs in both genders. However, females dominate in the rural sector across districts like Kaithal (Rural: 42 females, 24 males) and Panipat (Urban: 9 females, 6 males).
36-45 Years Old: This is the most active age group for RD awareness and participation, with high numbers across both genders in all districts. For example, in Kaithal (Urban), 39 males and 24 females in this age group have RD awareness.
46-55 Years Old: Participation drops slightly compared to younger age

groups but remains stable. In districts like Karnal (Urban), participation by males and females in this group is balanced.

3. Residential Status (Rural vs. Urban): Rural areas generally show strong participation in RD awareness across gender and age, especially in younger females (18-25 years). Rural Kaithal has a total of 72 individuals aware of RD in this age group, while Panipat Rural records 51. Urban areas show a higher awareness of RDs among older individuals (36-45 years). For example, in Panipat (Urban), 39 males and 30 females fall under this category.

4. District-wise Analysis: Kaithal district shows the highest RD awareness overall, with 189 people being aware of RD products, split fairly evenly between rural and urban populations. RD awareness in Karnal appears slightly lower overall, with a total of 174 individuals aware of RDs. However, the awareness is concentrated in the 36-45 age group. While showing moderate awareness, Panipat stands out for its balanced gender participation, particularly in the younger and middle age groups. While males generally dominate RD awareness, females have strong participation in younger age groups (18-25 years) in rural areas. Awareness and usage of RD products peak between the ages of 36 and 45 across all regions. This might indicate that individuals in this age group are more focused on long-term financial planning. Rural areas tend to have better RD awareness among younger age groups, while urban areas show higher participation among the middle-aged demographic. Kaithal stands out for its overall RD awareness, while Panipat shows a more balanced gender distribution. The Chi-Square test analysis investigates that there is significant associations by age. Younger age groups (18-25 years) tend to show significant associations across most districts and residential statuses, suggesting higher awareness or involvement in the variable being studied (likely financial products or awareness). The 46-55 age group also often shows significant associations, particularly in rural populations.

District specific trends show that in Kaithal district there is strong associations in younger and middle-aged groups in rural areas, whereas urban areas show more mixed results. Both rural and urban areas exhibit significant associations for certain age groups but not across all in Karnal district. Rural areas show significant associations for most age groups, while urban areas display significant results primarily for the youngest group in Panipat districts. This study highlights varying levels of association between age and the studied variable across

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different districts and residential statuses, with the rural population generally showing stronger associations. Further investigation is required to determine what specific factors contribute to these patterns.

The chi-square test also measures the association between the categorical variables like residential status (rural/urban) and age groups across three districts. For rural areas overall, significant differences are observed in the 36-45 age group with a chi-square value of 12.667 (p-value of 0.005). The total chi-square value is 11.732 with a p-value of 0.019, indicating a moderate association between age and residential status in rural areas across the districts. For urban areas, significant associations are found in the 26-35, 36-45, and 46-55 age groups, with chi-square values of 16.615 (p-value of 0.001), 20.68 (p-value of 0.000), and 15.75 (p-value of 0.000), respectively. The total chi-square value for urban areas is 32.663 with a p-value of 0.000, indicating a very strong association between age and residential status in urban areas across the districts. Across all districts and both residential statuses, significant associations are observed in most age groups, particularly in urban areas. The total chi-square value for all districts and ages is 21.32 with a p-value of 0.000, showing a significant association between age and residential status when all data is combined.

The results show a generally weaker association between age and residential status, with only a few significant age groups, particularly the 36-45 age group. Urban Areas: The results consistently show strong associations between age groups and residential status, especially in the middle-aged categories (26-45 years). Overall: When all the data is combined, the chi-square test reveals significant relationships between age groups and residential status, particularly in urban areas and certain key age groups across all districts. This suggests that in urban areas, residential status may be more closely tied to age demographics, whereas in rural areas, this relationship is less pronounced.

Policy Implications

1. Education as a Major Factor: Education plays a critical role in financial literacy. Higher educational qualifications correlate with higher awareness about banking and financial services.
2. Need for Targeted Rural Programs: Rural areas, especially for females and those with lower education, show significantly lower financial awareness. Policy interventions aimed at improving financial literacy should target these groups.

3. Closing the Gender Gap: Although the gender gap is present, particularly in rural areas and lower educational categories, it narrows significantly with education. Empowering women through educational and financial literacy programs can help bridge this gap further.
4. Urban vs. Rural Divide: Urban populations show higher financial awareness, particularly among the educated. Efforts are needed to replicate these levels of awareness in rural areas by addressing infrastructural and informational barriers.
5. Focus on Women's Financial Inclusion: Given the gender disparity in financial awareness, programs should be tailored specifically for women, especially in rural areas, to improve their understanding of bank savings and financial independence.
6. Increase Financial Literacy: Awareness campaigns should target rural areas and individuals with lower educational qualifications, particularly focusing on females who are significantly less aware of fixed deposit options.
7. Role of Local Authorities: District-wise strategies can be adopted. In districts like Kaithal, where overall awareness is lower, local financial institutions could collaborate with district administrations to roll out special awareness programs. With these insights, a more targeted and efficient strategy for increasing awareness of fixed deposit accounts could be developed, which aligns with regional, gender, and occupational differences.

Conclusion

The data reveals a strong correlation between awareness levels and variables such as gender and residential status. Rural individuals, particularly women, remain underserved in terms of financial literacy and access to bank saving accounts. This suggests that more targeted, inclusive strategies are needed to increase awareness and promote financial inclusion, especially in districts like Kaithal and Panipat.

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